

FISCAL NOTE

HB 3181 - SB 3205

March 17, 2006

SUMMARY OF BILL: Creates a new sales and use tax exemption on purchases of "hearing aids" and related equipment that will replace the current exemption for these items, which is scheduled to be repealed on July 1, 2007 due to the implementation of the Streamlined Sales Tax Agreement (SSTA). SSTA will exempt "prosthetic devices" from sales tax effective July 1, 2007.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – By preserving the exemption for hearing aids that is currently scheduled to expire on July 1, 2007, this bill may result in foregoing a potential increase in state revenue when the exemption would have expired, assuming there is no other exemption for hearing aids. Under current law, however, the expiring exemption will be replaced by a new exemption for "prosthetic devices." If the definition of "prosthetic device" is construed to include hearing aids, then there is no effect on future state revenues from this bill and the fiscal impact will be MINIMAL.

Assumptions:

- T.C.A 67-6-329(14) authorizes sales and use tax exemptions on purchases of hearing aids and related equipment until June 30, 2007.
- On July 1, 2007, the exemption under this section of law will be repealed.
- Enactment of this bill will replace the repealed exemption under Title 67, Chapter 6, Part 3 as a new section.
- Therefore, the enactment of this bill would have no fiscal impact.
- This act shall take effect on July 1, 2006.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director